



**SHELBY COUNTY GOVERNMENT
EMPLOYEE BENEFITS OFFICE
160 North Main Street Memphis, Tennessee 38103**

Mark H. Luttrell, Jr.
Mayor

To: All Shelby County Employees and Dependents

From: Danny W. Kail, Deputy Administrator

RE: **COBRA-Healthcare Continuation Coverage**

On April 7, 1986, Congress enacted the Consolidated Omnibus Budget Reconciliation Act (COBRA-Public Law 99-272, Title X) requiring that most employers sponsoring group health plans offer employees and their families the opportunity for a temporary extension of health coverage ("continuation coverage"), where coverage under the plan would otherwise end. This notice is intended to inform you of your rights and obligations under the continuation provision of this law. You and your spouse should take the time to read this notice carefully.

If you are an employee of Shelby County Government covered by one of its medical plans (i.e., OAPIN, OAP/PPO or HRA), you have the right to choose continuation coverage for yourself if you lose group health coverage because of a reduction in your hours of employment or the termination of your employment (for reasons other than gross misconduct on your part). These occurrences are known as "qualifying events" under the COBRA law.

If you are the spouse or a dependent child/children of an employee covered by one of Shelby County's health care plans, you have the right to choose continuation coverage for yourself should you lose group health coverage for any of the following qualifying events:

1. The death of the covered employee
2. Termination of the covered employee's employment (for reasons other than gross misconduct) or reduction in the covered employee's hours of employment
3. Divorce or legal separation from the covered employee
4. The covered employee becomes entitled to Medicare
5. The dependent child ceases to be a "dependent child" under Shelby County's health care plan rules

Under the law, the employee or a family member has the responsibility to inform Shelby County of a divorce, legal separation, or a child losing dependent status under any of its medical plans within sixty (60) days of the date of the event or the date on which coverage would end under the Plan because of the event, whichever is later. The Shelby County Employee Benefits Office will, in turn, notify you that you have the right to choose continuation coverage.

You may be entitled to have the State of Tennessee pay the premium for your ongoing health insurance. For more information, contact your local Department of Human Services.

If you do not choose continuation coverage, your group health insurance coverage will end. If you choose COBRA, Shelby County Government is required to give you coverage which, as of the time coverage is being provided, is identical to the coverage provided, under the plan to other similarly situated employees or family members. The law requires that you be afforded the opportunity to maintain continuation coverage for up to thirty-six (36) months unless you lost group health insurance because of a termination of employment or reduction in hours. In that case, the required continuation period is eighteen (18) months. This eighteen (18) months may be extended to thirty-six (36) months if other events (such as a death, divorce, legal separation, or Medicare entitlement) occur during that eighteen (18) month period.

The eighteen months may be extended to twenty-nine (29) months if an individual is determined to be disabled, for Social Security disability purposes, and the Employee Benefits Office is notified of that determination within sixty (60) days and prior to expiration of the eighteen month period of continuation of coverage. The affected individual must notify the Employee Benefits Office within thirty (30) days of any final determination that the individual is no longer disabled. In no event will continuation coverage last beyond three (3) years from the date of the event that originally made a qualified beneficiary eligible to elect coverage.

The law provides that your continuation coverage may be terminated for the following reasons:

1. Shelby County no longer provides group health coverage to any of its employees
2. The premium for your continuation coverage is not paid on time
3. You become covered under another group health plan, unless that plan contains exclusions or limitations with respect to a pre-existing condition you or your covered dependent may have
4. You become entitled to Medicare
5. You extend coverage for up to (twenty-nine) 29 months due to your disability and it has been a final determination that you are no longer disabled.

Under the law, beneficiaries may be required to pay for COBRA coverage. The amount charged to you cannot exceed 102% percent of the cost of the plan for similarly situated persons who have not incurred a qualifying event. This amount includes both the portion paid by the employee and the portion paid by the employer, plus 2 percent for administrative costs. The initial premium must be made to Shelby County Employee Benefits Office within 45 days of the COBRA election. There is a grace period of at least thirty (30) days for payment of the regularly scheduled premium.

This memorandum reflects Shelby County Government's present interpretation of the law. Future changes in interpretation may lead to a change in procedures and eligibility standards as set forth above. The law affects all Shelby County Government employees who are enrolled in any of its health care plans.

Should you have questions pertaining to COBRA, please notify the Shelby County Employee Benefits Office at (901) 545-4483. Our mailing address for premium remittances is:

**Shelby County Government
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